

April 29, 2011

To: Executive Board

Subject: **Fiscal Year 2011 Financial Statements and Investment Summary –
March 2011**

Recommendation

Receive and file the Financial Statements and Investment Summary for Fiscal Year 2011.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the first nine months of the fiscal year ending June 30, 2011.

Foothill Transit's cash position of \$52.4 million is \$1.8 million less than the previous month. This decrease of cash is the net change between the uses of cash and sources of cash. Uses of cash include a \$37,000 increase in Due from Other Governments and \$2.2 million decrease in Accounts Payable. Sources of cash consisted of \$494,000 of excess grant revenues over expenditures.

March 2011 fare revenues were \$1.6 million, which is 24.8 percent more than the monthly budgeted amount. This is the ninth month in which revenues have exceeded the monthly budgeted amount. It is difficult to isolate the factors responsible for this increase. A fare increase was implemented along with service refinements to improve fare revenues. The combination of these factors along with rising gasoline prices may have positively impacted fare revenues more than reflected in the budget. Recent economic forecasts are also indicating an improvement; however unemployment continued to remain in the double digits.

Operating costs through March were \$44.9 million, which is \$3.4 million less than the budget. These costs are \$3.2 million or 6.8 percent less than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):

Assets

The balance sheet as March 31, 2011 shows total assets at \$211.4 million. This total consists primarily of \$154.7 million in fixed assets and \$52.4 million in cash and investments. The cash and investments balance includes \$5.0 million invested in the Local Agency Investment Fund (LAIF); \$28.1 million in non-interest bearing accounts held with Bank of the West; \$10.0 million in an interest bearing account with Bank of the

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West; \$3.3 million with Chase; \$4.0 million invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West are in non-interest earning accounts to qualify for FDIC insurance, eliminating the risk of loss in an interest bearing account secured with required collateral. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of March 2011 was 0.500 percent; slightly less than the previous month's rate of 0.512 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than two years, LAIF interest rates have continued a downward trend.

Liabilities

The accounts payable balance is \$4.4 million. \$3.4 million of this amount represents the amount due and payable to the operations and maintenance contractors for February and March services. Other amounts payable include fuel costs of \$507,000 and Monrovia Dial-A-Ride service of \$45,000.

Operating Revenue and Expense Analysis (Attachment C):

Fare Revenue

March 2011 fare revenue of \$1.6 million was 24.8 percent more than the monthly budgeted amount and \$273,000 more than February 2011 revenue. The increase in fare revenues is almost double the decrease of \$136,000 experienced in February. The monthly average revenue through March is \$1.4 million or 5.23 percent more than the prior year monthly average.

March revenues continue the positive trend experienced since the beginning of the fiscal year. March year-to-date revenues are 10.7 percent more than the previous year and 10.32 percent more than the budget; and the average monthly revenue is 5.23 percent more than Fiscal Year 2010 average monthly revenue. These could be indicators that the economy may be improving, with ridership increasing even though recent unemployment figures have indicated little change in unemployment. However, increases in gasoline prices may have pushed commuters out of their cars and into public transportation, thereby increasing ridership.

State and Local Funding Subsidies of \$39.6 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were

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approximately 19.1 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.

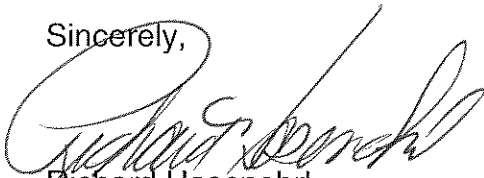
Expenses

March 2011 year-to-date operating expenses were \$44.8 million, compared with the budget of \$48.3 million. This difference of approximately \$3.4 million resulted in a 6.98 percent favorable variance. The majority of this favorable variance is the result of fuel cost savings of \$ 2.7 million and reduced contractor costs of \$682,000. It should be noted that the March 2011 year-to-date expenses of \$44.94 million are \$3.2million less than the prior fiscal year.

Farebox Recovery Ratio

The March 2011 year-to-date farebox recovery ratio was 28.9 percent. This is 6.37 percent more than the performance target of 22.55 percent. The farebox recovery ratio was derived by dividing the total fare revenue figure of \$12,986,318 by the total operating expense figure of \$44,898,717. This ratio has increased one percent from the February 2010 figure of 27.9 percent.

Sincerely,



Richard Hasenohrl
Director of Finance



Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of March 31, 2011

Assets

Current Assets:

Cash	\$ 38,162,652
Investments	14,286,210
Due from government agencies	2,502,082
Other receivables	1,326,159
Other assets	326,001
Total Current Assets	<u>56,603,104</u>
Property & Equipment (net of depreciation)	154,750,540
Total Assets	<u><u>\$ 211,353,643</u></u>

Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 4,419,498
Current portion of long term debt	
Long Term debt:	1,000,000
Deferred Revenue	<u>20,234,642</u>
Total Liabilities	<u>25,654,139</u>

Equity

Investment in Fixed Assets (net):	
Fund Balance:	<u>185,699,504</u>
Total Equity	<u>185,699,504</u>
Total Liabilities and Equity	<u><u>\$ 211,353,643</u></u>

Summary of Cash and
Investment Account
For March 31, 2011

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	\$20,137,204	\$20,137,204
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Money Market	0.150%		10,006,604	10,006,604
Bank of the West-Excise Tax	N/A	Demand Deposit	3,991,237	3,991,237
Bank of the West-CTAF ³ Fund	0.750%	Demand Deposit	327,383	327,383
Bank of the West-Bus. Checking	N/A	Demand Deposit	3,698,323	3,698,323
Subtotal Cash on Hand			38,162,652	38,162,652
Unrestricted Investments:				
Chase Business Saving	0.500%	Demand Deposit	3,300,819	3,300,819
Bank of the West-CDARS	N/A	Cert. of Deposit	4,000,000	4,000,000
Treasury Bills			1,996,158	1,996,158
LAIF Investment	0.500%	Demand Deposit	4,989,234	4,989,234
Subtotal Unrestricted Investments			14,286,210	14,286,210
Total Cash and Investments			<u>\$52,448,862</u>	<u>\$52,448,862</u>

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit
Statement of Revenue and Expense
For Month Ended March 31, 2011

	Actual March -11	Budget Marchy -11	Variance Favorable (Unfavorable)	Actual March - 10
Operating Revenue				
Farebox	\$8,073,023	\$7,252,133	11.32%	\$7,550,797
Pass Sales	2,244,262	1,476,733	51.97%	1,582,523
TAP Cash Purse	1,735,274	790,267	119.58%	1,387,761
MetroLink	22,845	14,800	54.36%	
EZ Transit Pass	910,914	786,200	15.86%	1,208,089
Total Operating Revenue	12,986,318	10,320,133	25.83%	11,729,170
Non-Operating Revenue				
FTA Sec 5307 Operating	2,715,650	3,333,333		
FTA Sec 5307 ARRA	397,988	1,333,333	(70.15%)	
Transportation Development Act (TDA)	10,526,883	9,206,667	14.34%	11,910,383
STA	5,280,754	2,466,667	114.08%	3,899,745
Prop A 40% Discretionary	9,555,589	7,721,867	23.75%	9,032,429
Prop A & C Interest	(10,918)			2,578,949
Prop A 40% BSCP	1,803,490	1,948,800	(7.46%)	2,465,518
Prop C Base Restructuring	1,305,819	1,040,000	25.56%	1,252,089
Prop C BSIP	607,950	422,000	44.06%	593,413
Prop C Transit Service Expansion	217,602	151,067	44.04%	212,398
Transit Security-Operating	407,820	363,600	12.16%	502,780
Measure R Operating	5,558,004	4,311,867	28.90%	3,684,624
Excise Tax Credit				
Gain on Sale of Fixed Assets	105,429			
Auxiliary Revenue	1,196,533	1,000,000	19.65%	1,652,562
Total Non-Operating Revenue	39,668,593	33,299,201	19.13%	37,784,890
Total Revenue	52,654,911	43,619,334	20.71%	49,514,060
Available Capital Funding				
Capital Grants	14,848,704			5,834,382
Other				
Total Revenue and Capital Funding	67,503,615	43,619,334		55,348,442
OPERATING EXPENSES				
Operations	38,146,775	41,676,900	8.47%	41,604,722
Marketing and Communications	898,380	919,950	2.34%	834,047
Information Technology	955,574	978,450	2.34%	670,509
Administration	1,615,903	1,367,625	(18.15%)	1,548,515
Sales and Service	1,263,370	1,268,925	0.44%	1,209,099
Finance	801,232	802,425	0.15%	738,140
Safety and Security	488,419	568,875	14.14%	525,818
Planning	433,289	496,800	12.78%	501,624
Building Management	295,775	185,550	(59.40%)	541,961
Total Operating Expenses	44,898,717	48,265,500	6.98%	48,174,435
Capital and Other Expenses				
Capital	14,881,378		N/A	5,643,798
Interest			N/A	
Dial-A-Ride	408,292		N/A	434,551
Special Services	197,317		N/A	344,898
Other Misc. expense	39,438		N/A	
Total Capital and Other Expenditures	15,526,425		N/A	6,423,247
Increase (Decrease) of Revenues Over Expenditures	\$ 7,078,473			\$ 750,760